EXDIS

THE FOREIGN SERVICE
OF THE
UNITED STATES OF AMERICA

American Embassy,
Guatemala, August 13, 1954.

OFFICIAL - INFORMAL

SECRET

Dear Mr. Ambassador:

The same eddies and cross currents which roiled the waters prior to August 2 are again apparent on the Guatemalan political scene and the atmosphere is thick with dissatisfaction and a sense of impending change. This does not mean that there will necessarily be a military outbreak of the type we had on August 2; while such a possibility cannot be entirely discounted, it is less likely since Colonel Castillo Armas has placed men of his confidence in the top positions at the Guardia de Honor, the Military Base and the Escuela Politécnica.

[redacted]

The Honorable
John E. Peurifoy,
Central America and Panama Affairs,
Department of State,
Washington, D. C.

SECRET

DEPARTMENT OF STATE A/CDC/MR
REVIEWED BY [redacted] DATE 2/9/82

EXCISE

B1,EC

EYES ONLY

B1,EC

Although great efforts are apparently being made to keep it a secret, I have reasonably good evidence that the Liberation forces are maneuvering to be in a position to control the Army. After several drinks at my house on Monday evening, Martín Prado Vélez told me in a whisper somewhat hard to understand that he had placed groups of men in strategic positions, set up communications networks and appropriate codes for contacting the Liberation Army forces. It was not clear whether this arrangement was purely defensive or whether they envisaged the possibility of taking the offensive against the Army.

About the only cheering development since your departure is the discovery that the Government could draw nearly ℔10,000,000 from the Bank of Guatemala and hence meet the urgent salary and other requirements. This will be but a temporary expedient however unless political confidence is restored and economic activity is again resumed on an active scale.

I fear that we have not been keeping the Department too well informed of these undertones in the political situation. Many of them are too vague to warrant reporting and time also has been lacking.

Betty Jane passed by the office yesterday and appeared to be in good health and spirits. All here join me in sending our best regards.

Sincerely,

Bill

William L. Krieg

PS. Your counsel for Guatemala in the circumstances described [illegible]. Would also can possibly have access the [illegible] to give a statement to the Public Relations.